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Governor Baker Signs Fiscal Year 2018 Budget

Dedicates significant funding for local aid, education, and substance misuse services

BOSTON – Today Governor Charlie Baker signed the Fiscal Year 2018 (FY18) budget into law, a \$39.4 billion plan that supports on the Baker-Polito administration's work to build stronger and safer communities, advance educational opportunities, promote economic development and workforce skills training, and invest in mental health and substance misuse services.

The FY18 budget responsibly keeps spending to 1.7% growth over Fiscal Year 2017 (FY17), in line with revenue growth projections and will result in a \$98.4 million increase into the Stabilization Fund, bringing the Commonwealth's reserves up to \$1.4 billion, or nearly 30% higher than the start of the administration. It also reduces the reliance of one-time revenues for the third year in a row, down 90% from \$1.2 billion in Fiscal Year 2015 to \$125 million in FY18, and does not raise taxes or fees to balance the budget.

"Our administration is committed to building stronger and safer communities in every corner of the Commonwealth and creating more opportunities for success," **said Governor Baker.** "Despite slow revenue growth, this year's budget contains historic investments for local schools, critical funding for our cities and towns, workforce development and programs to fight the opioid epidemic. We are pleased to sign a budget that support the needs of our residents without raising taxes, and we thank our partners in the Legislature for their collaboration."

The FY18 budget will raise Chapter 70 education aid to local schools to an all-time high of \$4.747 billion, an increase of \$119 million over FY17 and a \$346 million increase since the administration took office. The budget also includes funding to support the largest rate increase in a decade for all early education and care programs for low-income families.

The FY18 plan marks the third consecutive year of unrestricted local aid increases since the Baker-Polito administration took office and provides a \$40 million increase in FY18. The budget also supports Community Compact Cabinet related programs. Chaired by Lieutenant Governor Karyn Polito, those programs promote best practices within the Commonwealth's cities and towns and support efficiency and regionalization efforts. To date nearly 300 communities have participated in the program.

"This budget reinforces our commitment serving as a reliable partner for our cities and towns," **said Lt. Governor Polito.** "The increases to local aid and education, as well as funding for Community Compact programs, will further strengthen our communities."

As part of ongoing efforts to create a more sustainable MassHealth program, the administration is returning with amendment to the Legislature proposals from its comprehensive MassHealth reform package, which will protect taxpayer dollars while preserving the health care safety net for those who need it.

The administration is also filing a \$94 million supplemental budget, as the conference committee report underfunds \$198 M in unavoidable deficiencies, such as the Committee for Public Counsel Services, which is partially off-set by a \$104 M reserve that addresses some but not all deficiencies.

"Despite modest tax revenue growth over the past three years, a trend many states are seeing, we have made significant progress towards reaching structural balance while building our reserves and making strategic investments in core services and priorities," **said Administration and Finance Secretary Kristen Lepore.** "It is essential that the MassHealth package that we have returned with an amendment today be passed expeditiously to ensure the long-term sustainability of the MassHealth program and the state budget."

The budget includes key funding to address the opioid addiction epidemic, including an increase at the Massachusetts Alcohol and Substance Abuse Center for 45 additional treatment beds for Section 35 civilly committed males and continued funding for 45 beds added for women's addiction treatment services at Taunton

State Hospital added in FY17. Nearly \$150 million will be provided at the Department of Public Health for substance misuse services.

FY18 funding at the Department of Children and Families (DCF) will support the annualization of 450 new hires funded in FY17. Since taking office, the administration has increased funding at DCF by over \$100 million.

As outlined in the Governor's budget proposal in January, the FY18 plan includes a new annual \$2,000 tax-credit for employers who hire an unemployed veteran for two years. Language contained in the FY18 budget also updates to the \$2,000 benefit for Gold Star Families to provide retroactive benefit payments.

The FY18 budget will support a new State Police Class of 145 recruits and will also support a new division of the State Police which will focus on homeland security, criminal intelligence, and counter-terrorism.

This year, a new program proposed by the administration, called Learn to Earn, will receive \$1 million to provide employment and credentials for unemployed and underemployed individuals. Also, the FY18 budget provides a \$9.1 million increase, to a total \$92.7 million, for the Massachusetts Rental Voucher Program including new standards to allow families to keep their vouchers as they grow their income

The FY18 budget will provide a transfer of \$127 million in operating funds to the Massachusetts Bay Transportation Authority (MBTA), which combined with \$60 million in new capital funding in the administration's FY18 Capital Investment Plan, totals \$187 million in state support for the MBTA over and above the \$1 billion sales tax transfer. In addition, a new law authorizes Pension Reserves Investment Management Board to manage the assets for MBTA retirees.

Key FY18 Budget Highlights:

Building Stronger and Safer Communities:

- An increase in Unrestricted Local Aid of \$39.9 million, or 3.9%, to \$1.062 billion
- \$6.8 million for Community Compact related programs, in which nearly 300 communities have joined since its inception in 2015
- \$6 million for Shannon Grants to support gang-prevention initiatives
- \$3.5 million for a new State Police division focused on homeland security, criminal intelligence, and counter-terrorism
- \$2.9 million for a new state police class of 145 recruits

Education:

- The highest-ever level for Chapter 70 education aid, \$4.747 billion, an increase of \$118.9 M (2.6%) over FY17 estimated spending
 - At least a \$30 per pupil increase for all 322 operating districts
 - An increase of \$25 million to be used as a down payment on the rising cost of health care for retirees
- \$38.5 million for Early Education Care rate increases

Mental Health:

- \$60 million for a new clinical care contract for Bridgewater State Hospital
- A \$1.75 million increase for 45 additional Section 35 beds for men in MASAC Plymouth

Health and Human Services:

- A total of \$185.3 million for substance misuse, not including MassHealth spending, an increase of over 50% since FY15
- \$23.1 million for the Department of Developmental Services “Turning 22” Program, a \$5.6 million increase
- A \$9.8 million increase to support the annualization of 450 new hires at the Department of Children and Families

Veterans:

- A new \$2,000 annual tax credit for companies with 100 or fewer employees that hire an unemployed veteran
- An update to the \$2,000 benefit for Gold Star Families to provide retroactive benefit payments

Workforce Skills and Housing:

- Learn to Earn - \$1 million for a new initiative to provide employment and credentials for unemployed and underemployed individuals
- A \$9.1 million increase, to a total \$92.7 million, for the Massachusetts Rental Voucher Program including new standards to allow families to keep their vouchers as they grow their income

Transportation:

- An transfer of \$127 million in operating funds to the Massachusetts Bay Transportation Authority (MBTA), which combined with \$60 million in new capital funding in the administration’s FY18 Capital Investment Plan, totals \$187 million in state support for the MBTA over and above the \$1 billion sales tax transfer
- A new law authorizing Pension Reserves Investment Management Board to

manage the assets for MBTA retirees

[Link to FY18 Budget Documents and Supplemental Budget Filing](#)

[Link to FY18 Budget](#)

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